

April 15, 2011

CLERK, U.S. BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA

0003424324

BRAD A. MOKRI, SBN: 208213  
JENNIFER N. HUPE, SBN: 256009  
LAW OFFICES OF MOKRI & ASSOCIATES  
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Attorney for Plaintiff  
HERITAGE PACIFIC FINANCIAL, LLC.

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA  
SACRAMENTO DIVISIONAL OFFICE**

In Re:	) Chapter 7
	) Bankruptcy No. : 2:11-bk-23538
NADINE ANN JEFFORD	) Adversary Case No.:
	)
Debtor.	)
	)
HERITAGE PACIFIC FINANCIAL, LLC.	) <b>PLAINTIFF'S COMPLAINT TO</b>
D/B/A HERITAGE PACIFIC FINANCIAL, a	) <b>DETERMINE DISCHARGEABILITY OF</b>
Texas Limited Liability Company,	) <b>DEBT</b>
	) [11 U.S.C. §523(a)(2)(A); 11 U.S.C.
Plaintiff,	) §523(a)(2)(B)]
vs.	)
	)
NADINE ANN JEFFORD	) DATE: See Summons
	)
Defendant.	)
	)
	)
	)
	)

**COMPLAINT TO DETERMINE THE  
DISCHARGEABILITY OF DEBT AND FOR JUDGMENT**

Plaintiff, through its attorney, Brad A. Mokri, of Law Offices of Mokri & Associates,  
states as follows:

1  
2 **PARTIES AND JURISDICTION**

3 1. This is an adversary proceeding in bankruptcy brought by Heritage Pacific  
4 Financial, LLC. dba Heritage Pacific Financial pursuant to 11 U.S.C. § 523.

5 2. Defendant filed a Chapter 7 bankruptcy petition on February 11, 2011.  
6 Jurisdiction is vested in this proceeding pursuant to 28 U.S.C. § 157, 28 U.S.C. §1334, and 11  
7 U.S.C. § 523; this matter is a core proceeding.

8 4. Plaintiff is a creditor of defendant. Plaintiff is the assignee and current owner  
9 and/or holder of Defendant's loan and related mortgage note.

10 **GENERAL ALLEGATIONS**

11 5. Plaintiff is informed and believes, and thereon alleges that in an effort to obtain  
12 funds to purchase and/or refinance a property, Defendant completed, or caused to have  
13 completed on her behalf, a Uniform Residential Loan Application ("Loan Application"),  
14 otherwise known as a 1003 Form, which Defendant executed and signed. A true and correct  
15 copy of the Uniform Residential Loan Application is attached as **Exhibit "A"** and incorporated  
16 by reference herein.

17 6. Defendant obtained loans evidenced by promissory notes executed by Defendant.  
18 Plaintiff is the true and current owner and holder of Defendant's loan and related promissory  
19 note. A true and correct copy of the Note is attached as **Exhibit "B"** and incorporated by  
20 reference herein.

21 7. Defendant certified the accuracy of the information contained in the Loan  
22 Application and expressly consented to the verification and re-verification of the information  
23 contained therein.

24 8. Among other information required to be certified, and in fact certified, by  
25 Defendant on the Loan Application, was information regarding Defendant's current employer,  
26 gross monthly income, and intent to use the property securing the loan as Defendant's primary  
27 residence.

28 9. Defendant knew that her then-current income was insufficient to obtain the loans,

1 and in an effort to secure the more favorable primary-residence financing rate, Plaintiff is  
2 informed, believes and thereon alleges that Defendant provided, prepared, or caused to be  
3 prepared, a Loan Application which materially misstated Defendant's employment, income  
4 and/or intended use of the property as a primary residence; and caused Defendant's agent to  
5 submit to the lender a materially false Loan Application and other materially false documents  
6 related thereto.

7 10. Plaintiff is informed, believes, and thereon alleges that Defendant directed,  
8 instructed, and caused to have her materially false Loan Application and supporting  
9 documentation transmitted to Defendant's lender knowing that the information in the Loan  
10 Application and supporting documentation was materially false.

11 11. The lender did not know, and had no reason to know, that the information and  
12 documentation provided by Defendant in and in conjunction with the Loan Application was  
13 false. In reliance on the information and documentation provided by Defendant, the lender  
14 approved Defendant's Loan Application.

15 12. Defendant executed a promissory note in favor of the lender, pursuant to which  
16 Defendant agreed and promised to repay the loan according to the terms of the promissory note.  
17 The proceeds of the loan, as stated in the promissory note, were to be used to purchase and/or  
18 refinance the property securing the promissory note.

19 13. The lender fully performed, including by disbursing the loan proceeds to  
20 Defendant. The lender and/or its assignees duly assigned Defendant's loan and promissory note  
21 to Plaintiff, who is currently the owner and holder of Defendant's loan and promissory note.

22 14. Defendant defaulted on her payment obligations and obligation to re-verify the  
23 information contained in the Loan Application despite the Plaintiff's request therefore.

24 15. Plaintiff is informed, believes, and thereon alleges that in applying for the loan, the  
25 Defendant knowingly misstated her monthly income on her Loan Application and concealed her  
26 true income. Plaintiff is further informed and believes that the Defendant knowingly misstated the  
27 status of her employment on the Loan Application and concealed her true employment status.  
28 Plaintiff is further informed and believes that Defendant misrepresented her residency such that the

1 property securing the loan was not Defendant's primary residence, and concealed her true  
2 residency status.

3 16. The promissory note was duly assigned by the original lender and/or its assignees  
4 to Plaintiff, who is the current owner and/or holder of Defendant's Loan and related mortgage  
5 note.

6 17. Plaintiff is not barred from pursuing this action by any anti-deficiency statute or  
7 rule. Plaintiff does not seek a deficiency judgment for the balance of a promissory note following  
8 foreclosure, but rather seeks a judgment for Defendant's fraud in connection with their loan  
9 application, as alleged herein. Plaintiff has attempted to resolve this matter prior to filing this  
10 complaint by contacting Defendant.

11 **FIRST CLAIM FOR RELIEF**

12 **False Pretenses, False Representation or Actual Fraud**

13 **[11 U.S.C. § 523(a)(2)(A)]**

14 18. Plaintiff re-alleges and incorporates by reference the allegations set forth in  
15 paragraphs 1 through 17, above.

16 19. In an effort to obtain funds to purchase and/or refinance their property, Defendant  
17 completed, or caused to have completed on their behalf, a Uniform Residential Loan Application  
18 ("Loan Application"), otherwise known as a 1003 Form, which Defendant executed and signed.  
19 A true and correct copy of the Uniform Residential Loan Application is attached as **Exhibit "A"**  
20 and incorporated by reference herein. Defendant utilized this loan, creating a balance due and  
21 owing on this loan of \$164,848.82 including interest as of the date the bankruptcy petitioner was  
22 filed.

23 20. Defendant obtained the money by false pretenses, a false representation and actual  
24 fraud by misrepresenting that the money obtained for the purpose of purchasing a property for  
25 her primary residence. Defendant misrepresented her intended use of the property as her primary  
26 residence as the property was being purchased for another individual.

1           21.     The lender did not know, and had no reason to know, that defendant  
2 misrepresented her intended use of the property and in reliance on the information approved the  
3 loan.

4           22.     At the time of obtaining the money from the lender execution of the loan,  
5 Defendant failed to disclose to Lender that she did not and would not use the property as her  
6 primary residence. Lender justifiably relied on Defendant's representation and paid money for  
7 the purchase of a primary residence.

8           23.     By reason of the foregoing, Defendant obtained money from the lender through  
9 false pretenses, false representations and actual fraud. Defendant's actions constitute material  
10 misrepresentations of the facts. Defendant intended for the lender to rely on the  
11 misrepresentation.

12           24.     Lender reasonably relied upon Defendant's misrepresentations and was induced  
13 to lend money to Defendant by those misrepresentations.

14           25.     Within the three years prior to the filing of this Complaint, through its  
15 independent investigation and collection attempts, Plaintiff discovered that the representations  
16 made on Defendant's Loan Application were false.

17           26.     As a result of Defendant's conduct, Plaintiff has suffered damages at a minimum  
18 in the amount of \$164,848.82 plus interest and reasonable attorney fees. Pursuant to 11 USC §  
19 523(a)(2)(A), Defendant should not be granted a discharge of this debt to the Plaintiff in the  
20 amount of \$164,848.82 plus interest and reasonable attorney fees.

21                               **SECOND CLAIM FOR RELIEF**

22                               **Use of False Statement in Writing**

23                               **[11 U.S.C. § 523(a)(2)(B)]**

24           27.     Plaintiff re-alleges and incorporates by reference the allegations set forth in  
25 paragraphs 1 through 25, above.

26           28.     In an effort to obtain funds to purchase and/or refinance their property, Defendant  
27 completed, or caused to have completed on their behalf, a Uniform Residential Loan Application  
28 ("Loan Application"), otherwise known as a 1003 Form, which Defendant executed and signed.

1 A true and correct copy of the Uniform Residential Loan Application is attached as **Exhibit "A"**  
2 and incorporated by reference herein. Defendant utilized this loan, creating a balance due and  
3 owing on this loan of \$164,848.82 including interest as of the date the bankruptcy petitioner was  
4 filed.

5 29. In an effort to obtain the funds, Defendant caused to have completed on her  
6 behalf, a Uniform Residential Loan Application, otherwise known as a 1003 Form, which  
7 Defendant executed and signed.

8 30. On the Uniform Residential Loan Application, Defendant certified the accuracy  
9 of the information contained therein including but not limited to financial condition of Defendant  
10 and consented to the verification and re-verification of the information contained therein.

11 31. Among the information provided and certified by Defendant in her Uniform  
12 Residential Loan Application, Defendant was required to certify information regarding her  
13 current employer, statements of her gross monthly income, and to certify that her intended to use  
14 the loan proceeds to purchase real property which Defendant intended to use as her primary  
15 residence.

16 32. In furtherance of her effort, because Defendant knew that her then current income  
17 was insufficient to support the approval of the loan and/or in an effort to secure the more  
18 favorable primary-residence financing rate, Plaintiff is informed, believes and thereon alleges  
19 that Defendant:

20 a) Provided, prepared, caused to be prepared, false loan applications, which  
21 misstated her employment, income and/or intended use of the property as a primary residence;

22 b). Certified a false loan application, which misstated her employment income and/or  
23 intended use of the property as a primary residence; and

24 c). Caused her agents to submit to lenders a false loan application and other loan  
25 related documents

26 33. The lender did not know, and had no reason to know, that the information and  
27 documentation provided by Defendant in, and in conjunction with, her loan applications was  
28

1 false, and in reliance on the information and documentation provided by Defendant to the lender  
2 therein approved the loan.

3 34. Defendant executed a promissory note in favor of her initial lender, its successors,  
4 transferees, and assigns. In the loan application Defendant expressly represented to the original  
5 lender and to its successor in interest the accuracy of the information.

6 35. The proceeds of the loan, as referenced in the promissory note, were to be used by  
7 Defendant in the purchase or refinance of the property described therein. In exchange,  
8 Defendant agreed and promised to pay according to the mutually agreed upon terms and  
9 conditions more particularly described in the promissory notes.

10 36. Lender fully performed, and Defendant acquired title to the property. The  
11 promissory note was duly assigned by the original lender and/or its assignees to Plaintiff, who is  
12 the current owner and/or holder of Defendant's Loan and related mortgage note.

13 37. Defendant has defaulted on her obligations to pay and to re-verify the  
14 information contained in the Uniform Residential Loan Application. Despite Plaintiff's attempts  
15 to secure information from Defendant to re-verify the information contained in her loan  
16 application, Defendant has failed and/or refused to comply with Plaintiff's requests.

17 38. Within the three years prior to the filing of this Complaint, through its  
18 independent investigation and collection attempts, Plaintiff discovered that the representations  
19 made on Defendant's Loan Application were false.

20 39. By reason of the foregoing, Defendant obtained money by using a statement in  
21 writing that falsely represented Defendant's financial condition on which the lender relied on.  
22 Defendant submitted the loan application with the intent to deceive the lender. Defendant,  
23 therefore, had a specific intent to defraud her lender.

24 40. Defendant's actions constitute material misrepresentations of the facts. Defendant  
25 intended for her lender to rely on those misrepresentations. Lender did rely upon Defendant's  
26 misrepresentations of repayment and was induced to lend money to Defendant by those  
27 misrepresentations. Lender reasonably relied on Defendant's misrepresentations.  
28

41. As a result of Defendant's conduct, Plaintiff has suffered damages at a minimum in the amount of \$164,848.82 plus interest and reasonable attorney fees. Pursuant to 11 USC § 523(a)(2)(B), Defendant should not be granted a discharge of this debt to the Plaintiff in the amount of \$164,848.82 plus interest and reasonable attorney fees.

## PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays that this Court grant the following relief:

1. A monetary judgment against Defendant in the amount of \$164,848.82, plus accrued interest at the contractual rate, plus, additional interest at the contractual rate, which will continue to accrue until the date of judgment herein;

2. An order determining that such debt is non-dischargeable under 11 USC § 523(a)(2)(A) and (B);

3. An order awarding Plaintiff its attorneys' fees and costs incurred herein; and

4. An order awarding Plaintiff such additional relief as this Court deems just and equitable.

Dated: April 15, 2011

**Respectfully Submitted,**

**LAW OFFICES OF MOKRI & ASSOCIATES**

By: /S/ BRAD A. MOKRI \_\_\_\_\_

Brad A. Mokri  
Attorney for Plaintiff  
Heritage Pacific Financial, LLC. dba  
Heritage Pacific Financial



87/17/2006 15:28 916-543-9297

BELTON

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## Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower", as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when ☐ the income or assets of a person other than the "Borrower" (including the Borrower's spouse) will be used as a basis for loan qualification or ☐ the income or assets of the Borrower's spouse or other person who has community property rights pursuant to state law will not be used as a basis for loan qualification, but his or her liabilities must be considered because the spouse or other person has community property rights pursuant to applicable law and Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below):

*[Signature]* Borrower *[Signature]* Co-Borrower

I. TYPE OF MORTGAGE AND TERMS OF LOAN			
Mortgage Applied for:	<input type="checkbox"/> VA <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> Other (explain):	Agency Case Number	Lender Case Number
	<input type="checkbox"/> FHA <input type="checkbox"/> USDA/Rural Housing Service		

Amount \$ 165,000	Interest Rate 11.750 %	No. of Months 360/180	Amortization Type: <input type="checkbox"/> Fixed Rate <input type="checkbox"/> ARM (type): 2/28
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### II. PROPERTY INFORMATION AND PURPOSE OF LOAN

Subject Property Address (street, city, state, & ZIP)		No. of Units
505 Prairie Falcon Ct., El Dorado Hills, CA 95762 County: El Dorado		1
Legal Description of Subject Property (attach description if necessary)		Year Built 2000

Purpose of Loan: <input type="checkbox"/> Purchase <input type="checkbox"/> Construction <input type="checkbox"/> Other (explain):	Property will be: <input checked="" type="checkbox"/> Primary Residence <input type="checkbox"/> Secondary Residence <input type="checkbox"/> Investment
<input checked="" type="checkbox"/> Refinance <input type="checkbox"/> Construction-Permanent	

Complete this line if construction or construction-permanent loan.

Year Lot Acquired	Original Cost	Amount Existing Liens	(a) Present Value of Lot	(b) Cost of Improvements	Total (a+b)
	\$	\$	\$	\$	\$

Complete this line if this is a refinance loan.

Year Acquired	Original Cost	Amount Existing Liens	Purpose of Refinance	Describe Improvements	<input type="checkbox"/> made <input type="checkbox"/> to be made
2005	\$ 895,000	\$	Cash-Out/Debt Consolidation	Cost: \$	

Title will be held in what Name(s)	Manner in which Title will be held To be determined in escrow	Estate will be held in: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (show expiration date)
------------------------------------	---------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------

Source of Down Payment, Settlement Charges and/or Subordinate Financing (explain)

### III. BORROWER INFORMATION

Borrower's Name (include Jr. or Sr. if applicable) Co-Borrower's Name (include Jr. or Sr. if applicable)

Nadine Jefford Date Jefford

Social Security Number	Home Phone (incl. area code)	DOB (mm/dd/yyyy)	Yrs. School	Social Security Number	Home Phone (incl. area code)	DOB (mm/dd/yyyy)	Yrs. School
00000-0120	000-0000	00/00/1958	14	00000-3998	000-0000	00/00/1962	12

<input checked="" type="checkbox"/> Married <input type="checkbox"/> Unmarried (include single, divorced, widowed) <input type="checkbox"/> Separated	Dependents (not listed by Co-Borrower) no. 2 ages 10, 5	<input checked="" type="checkbox"/> Married <input type="checkbox"/> Unmarried (include single, divorced, widowed) <input type="checkbox"/> Separated	Dependents (not listed by Co-Borrower) no. 2 ages 10, 5
-------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------

Present Address (street, city, state, ZIP)	<input checked="" type="checkbox"/> Own <input type="checkbox"/> Rent 1 No. Yrs.	Present Address (street, city, state, ZIP)	<input checked="" type="checkbox"/> Own <input type="checkbox"/> Rent 1 No. Yrs.
--------------------------------------------	----------------------------------------------------------------------------------	--------------------------------------------	----------------------------------------------------------------------------------

505 Prairie Falcon Ct. El Dorado Hills, CA 95762

505 Prairie Falcon Ct. El Dorado Hills, CA 95762

Mailing Address, if different from Present Address

Mailing Address, if different from Present Address

If residing at present address for less than two years, complete the following:

Former Address (street, city, state, ZIP)	<input checked="" type="checkbox"/> Own <input type="checkbox"/> Rent 12 No. Yrs.	Former Address (street, city, state, ZIP)	<input checked="" type="checkbox"/> Own <input type="checkbox"/> Rent 12 No. Yrs.
-------------------------------------------	-----------------------------------------------------------------------------------	-------------------------------------------	-----------------------------------------------------------------------------------

2147 Sand Piper Way Shingle Springs, CA 95662

2147 Sand Piper Way Shingle Springs, CA 95662

Former Address (street, city, state, ZIP)	<input type="checkbox"/> Own <input type="checkbox"/> Rent No. Yrs.	Former Address (street, city, state, ZIP)	<input type="checkbox"/> Own <input type="checkbox"/> Rent No. Yrs.
-------------------------------------------	---------------------------------------------------------------------	-------------------------------------------	---------------------------------------------------------------------

Borrower		IV. EMPLOYMENT INFORMATION		Co-Borrower	
Name & Address of Employer Spas 2-U 5085 Greenback Lane Citrus Heights, CA 95610	<input checked="" type="checkbox"/> Self Employed Yrs. on this job 5 yr(s) Yrs. employed in this line of work/profession 5	Name & Address of Employer Spas 2-U 8085 Greenback Lane Citrus Heights, CA 95610	<input type="checkbox"/> Self Employed Yrs. on this job 5 yr(s) Yrs. employed in this line of work/profession 5	Position/Title/Type of Business President	Business Phone (incl. area code) 916-725-6814
If employed in current position for less than two years or if currently employed in more than one position, complete the following:					
Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from-to)	Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from-to)
		Monthly Income \$			Monthly Income \$
Position/Title/Type of Business		Business Phone (incl. area code)	Position/Title/Type of Business		Business Phone (incl. area code)
Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from-to)	Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from-to)
		Monthly Income \$			Monthly Income \$
Position/Title/Type of Business		Business Phone (incl. area code)	Position/Title/Type of Business		Business Phone (incl. area code)
Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from-to)	Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from-to)
		Monthly Income \$			Monthly Income \$
Position/Title/Type of Business		Business Phone (incl. area code)	Position/Title/Type of Business		Business Phone (incl. area code)
Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from-to)	Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from-to)
		Monthly Income \$			Monthly Income \$
Position/Title/Type of Business		Business Phone (incl. area code)	Position/Title/Type of Business		Business Phone (incl. area code)
Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from-to)	Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from-to)
		Monthly Income \$			Monthly Income \$
Position/Title/Type of Business		Business Phone (incl. area code)	Position/Title/Type of Business		Business Phone (incl. area code)

V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION						
Gross Monthly Income	Borrower	Co-Borrower	Total	Combined Monthly Housing Expense	Present	Proposed
Base Empl. Income*	\$ 8,500.00	\$ 5,000.00	\$ 13,500.00	Rent	\$	
Overtime				First Mortgage (P&I)		\$ 4,814.83
Bonuses				Other Financing (P&I)		1,565.63
Commissions				Hazard Insurance		
Dividends/Interest				Real Estate Taxes		
Net Rental Income				Mortgage Insurance		
Other (please complete, see the notice in "describe other income" below)				Homeowner Assn. Dues		
				Other		
Total	\$ 8,500.00	\$ 5,000.00	\$ 13,500.00	Total	\$	\$ 6,160.46

\* Self Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.

Describe Other Income: Notice: Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.

B/C	Monthly Amount
	\$



VII. DETAILS OF TRANSACTION		VIII. DECLARATIONS	
a. Purchase price	\$	If you answer "Yes" to any questions a through i, please use continuation sheet for explanation	
b. Alterations, improvements, repairs		Borrower Co-Borrower	
c. Land (if acquired separately)		Yes No	Yes No
d. Refinance (incl. debts to be paid off)		a. Are there any outstanding judgments against you?	<input checked="" type="checkbox"/> <input type="checkbox"/>
e. Estimated prepaid items	538.54	b. Have you been declared bankrupt within the past 7 years?	<input checked="" type="checkbox"/> <input type="checkbox"/>
f. Estimated closing costs	880.00	c. Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?	<input checked="" type="checkbox"/> <input type="checkbox"/>
g. PMI, MIP, Funding Fee		d. Are you a party to a lawsuit?	<input checked="" type="checkbox"/> <input type="checkbox"/>
h. Discount (if Borrower will pay)		e. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment?	<input checked="" type="checkbox"/> <input type="checkbox"/>
i. Total costs (add items a through h)	1,198.54	(This would include such loans as home mortgage loans, 528 loans, home improvement loans, educational loans, manufactured (mobile) home loans, any mortgage dividend obligation, bond or loan guarantee. If "Yes," provide details, including date, name and address of lender, FHA or VA case number, if any, and reasons for the action.)	
j. Subordinate financing		f. Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond, or loan guarantee?	<input checked="" type="checkbox"/> <input type="checkbox"/>
k. Borrower's closing costs paid by Seller		If "Yes," give details as described in the preceding question	
l. Other Credits (explain)		g. Are you obligated to pay alimony, child support, or separate maintenance?	<input checked="" type="checkbox"/> <input type="checkbox"/>
Now First Mortgage	660,000.00	h. Is any part of the down payment borrowed?	<input checked="" type="checkbox"/> <input type="checkbox"/>
Now 1st Mtg Closing Costs	-2,998.00	i. Are you a co-maker or endorser on a note?	<input checked="" type="checkbox"/> <input type="checkbox"/>
m. Loan amount (exclude PMI, MIP, Funding Fee financed)	185,000.00	j. Are you a U.S. citizen?	<input checked="" type="checkbox"/> <input type="checkbox"/>
n. PMI, MIP, Funding Fee financed		k. Are you a permanent resident alien?	<input checked="" type="checkbox"/> <input type="checkbox"/>
o. Loan amount (add m & n)	185,000.00	l. Do you intend to occupy the property as your primary residence? If "Yes," complete question m below	<input checked="" type="checkbox"/> <input type="checkbox"/>
p. Cash from/to Borrower (subtract j, k, l & a from i)	-320,503.48	m. Have you had an ownership interest in a property in the last three years?	<input checked="" type="checkbox"/> <input type="checkbox"/>
		(1) What type of property did you own-principal residence (PR) second home (SH) or investment property (IP)?	
		PR	
		(2) How did you hold title to the home-solely by yourself (S) jointly with your spouse (SP) or jointly with another person (JP)?	
		S	

## IX. ACKNOWLEDGEMENT AND AGREEMENT

Each of the undersigned specifically represents to Lender and to Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.; (2) the loan requested pursuant to this application (the "Loan") will be secured by a mortgage or deed of trust on the property described in this application; (3) the property will not be used for any illegal or prohibited purpose or use; (4) all statements made in this application are made for the purpose of obtaining a residential mortgage loan; (5) the property will be occupied as indicated in this application; (6) the Lender, its servicers, successors or assigns may retain the original and/or an electronic record of this application, whether or not the Loan is approved; (7) the Lender and its agents, brokers, insurers, servicers, successors and assigns may continuously rely on the information contained in this application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented herein should change prior to closing of the Loan; (8) in the event that my payments on the Loan become delinquent, the Lender, its servicers, successors or assigns may, in addition to any other rights and remedies that it may have relating to such delinquency, report my name and account information to one or more consumer reporting agencies; (9) ownership of the Loan and/or administration of the Loan account may be transferred with such notice as may be required by law; (10) neither Lender nor its agents, brokers, insurers, servicers, successors or assigns has made any representation or warranty, express or implied, to me regarding the property or the condition or value of the property; and (11) my transmission of this application as an "electronic record" containing my "electronic signature" as those terms are defined in applicable federal and/or state laws (including audio and video recordings), or my facsimile transmission of this application containing a scan of my signature, shall be as effective, enforceable and valid as if a paper version of this application were delivered containing my original written signature.

Acknowledgment: Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors and assigns, may verify or reverify any information contained in this application or obtain any information or data relating to the Loan, for any legitimate purpose through any source, including a source named in this application or a consumer reporting agency.

Borrower's Signature: *X [Signature]* Date: *7-13-06* Co-Borrower's Signature: *X [Signature]* Date: *7-13-06*

## X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a Lender may not discriminate either on the basis of the information, or on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. If race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this Lender is required to note the information on the basis of visual observation and surname if you have made the application in person. If you do not wish to furnish the information, please check the box below. (Lender must review the above material to assure that the disclosures satisfy all requirements to which the Lender is subject under applicable state law for the particular type of loan applied for.)

BORROWER	<input type="checkbox"/> I do not wish to furnish this information	CO-BORROWER	<input type="checkbox"/> I do not wish to furnish this information
Ethnicity:	<input type="checkbox"/> Hispanic or Latino <input checked="" type="checkbox"/> Not Hispanic or Latino	Ethnicity:	<input type="checkbox"/> Hispanic or Latino <input checked="" type="checkbox"/> Not Hispanic or Latino
Race:	<input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input checked="" type="checkbox"/> White	Race:	<input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input checked="" type="checkbox"/> White
Sex:	<input checked="" type="checkbox"/> Female <input type="checkbox"/> Male	Sex:	<input type="checkbox"/> Female <input checked="" type="checkbox"/> Male
To be Completed by Interviewer:	Interviewer's Name (print or type) Tyla Belton	Name and Address of Interviewer's Employer Pacific West Financial 1100 Mejoy Lane, Suite 102 Roseville, CA 95678 (P) 916-543-9296 (F) 916-543-9297	
This application was taken by:	Interviewer's Signature <i>[Signature]</i> Date: <i>7/17/06</i>		
<input checked="" type="checkbox"/> Face-to-face interview	Interviewer's Phone Number (incl. area code) 916-543-9296		
<input type="checkbox"/> Mail			
<input type="checkbox"/> Telephone			
<input type="checkbox"/> Internet			

**Continuation Sheet/Residential Loan Application**

Use this continuation sheet if you need more space to complete the Residential Loan Application. Mark B for Borrower or C for Co-Borrower.

Borrower  
Madeline Jefford  
Co-Borrower  
Dale Jefford

Agency Case Number

Lender Case Number:

I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1001, et seq.

Borrower's Signature

X

Date

7-13-06

Co-Borrower's Signature

X

Date

7-18-06

NOTE

I HEREBY CERTIFY THAT THE FOREGOING INSTRUMENT  
IS A TRUE AND CORRECT COPY OF THE ORIGINAL.  
COMMONWEALTH LAND-TITLE CO.

July 18, 2006  
Date

EL DORADO HILLS  
City

California  
State

506 PRAIRIE FALCON COURT, EL DORADO HILLS, CA 95762  
Property Address

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ 165,000.00 (this amount will be called "principal"), plus interest, to the order of the Lender. The Lender is New Century Mortgage Corporation

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note will be called the "Note Holder."

2. INTEREST

I will pay interest at a yearly rate of 11.750 %.  
Interest will be charged on unpaid principal until the full amount of principal has been paid.

3. PAYMENTS

I will pay principal and interest by making payments each month of U.S. \$ 1,665.53  
I will make my payments on the 1st day of each month beginning on September 1, 2006. I will make these payments every month until I have paid all of the principal and interest and any other charges, described below, that I may owe under this Note. If, on 08/01/2036 I still owe amounts under this Note, I will pay all those amounts, in full, on that date.  
I will make my monthly payments at 18400 Von Karman, Suite 1000, Irvine, CA 92612 or at a different place if required by the Note Holder.

4. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any of my monthly payments by the end of fifteen calendar days after the date it is due, I will promptly pay a late charge to the Note Holder. The amount of the charge will be 5.000 % of my overdue payment, but not less than U.S. \$ 5.00 and not more than U.S. \$ 83.28. I will pay this late charge only once on any late payment.

(B) Notice from Note Holder

If I do not pay the full amount of each monthly payment on time, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date I will be in default. That date must be at least 10 days after the date on which the notice is mailed to me or, if it is not mailed, 10 days after the date on which it is delivered to me.

(C) Default

If I do not pay the overdue amount by the date stated in the notice described in (B) above, I will be in default. If I am in default, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount.

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(D) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back for all of its costs and expenses to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

5. THIS NOTE SECURED BY A DEED OF TRUST

In addition to the protections given to the Note Holder under this Note, a Deed of Trust, dated the same day as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Deed of Trust describes how and under what conditions I may be required to make immediate payment in full of all amounts that I owe under this Note.

Some of those conditions are described as follows:

**Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Deed of Trust.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Deed of Trust. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Deed of Trust without further notice or demand on Borrower.

6. BORROWER'S PAYMENTS BEFORE THEY ARE DUE

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in a letter that I am doing so. A prepayment of all of the unpaid principal is known as a "full prepayment." A prepayment of only part of the unpaid principal is known as a "partial prepayment."

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VMP MORTGAGE FORMS - (000)521-7201

Form 3500

Initials

8534

I may make a full prepayment or a partial prepayment without paying any penalty. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no delays in the due dates or changes in the amounts of my monthly payments unless the Note Holder agrees in writing to those delays or changes. I may make a full prepayment at any time. If I choose to make a partial prepayment, the Note Holder may require me to make the prepayment on the same day that one of my monthly payments is due. The Note Holder may also require that the amount of my partial prepayment be equal to the amount of principal that would have been part of my next one or more monthly payments.

#### 7. BORROWER'S WAIVERS

I waive my rights to require the Note Holder to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); (C) to obtain an official certification of nonpayment (known as a "protest"). Anyone else who agrees to keep the promises made in this Note, or who agrees to make payments to the Note Holder if I fail to keep my promises under this Note, or who signs this Note to transfer it to someone else also waives these rights. These persons are known as "guarantors, sureties and endorsers."

#### 8. GIVING OF NOTICES

Any notice that must be given to me under this Note will be given by delivering it or by mailing it by certified mail addressed to me at the Property Address above. A notice will be delivered or mailed to me at a different address if I give the Note Holder a notice of my different address.

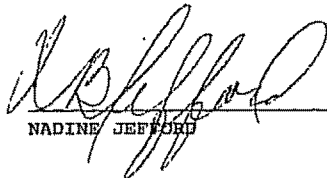
Any notice that must be given to the Note Holder under this Note will be given by mailing it by certified mail to the Note Holder at the address stated in Section 3 above. A notice will be mailed to the Note Holder at a different address if I am given a notice of that different address.

#### 9. RESPONSIBILITY OF PERSONS UNDER THIS NOTE

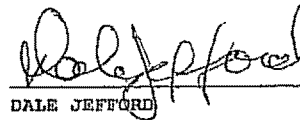
If more than one person signs this Note, each of us is fully and personally obligated to pay the full amount owed and to keep all of the promises made in this Note. Any guarantor, surety, or endorser of this Note (as described in Section 7 above) is also obligated to do these things. The Note Holder may enforce its rights under this Note against each of us individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note. Any person who takes over my rights or obligations under this Note will have all of my rights and must keep all of my promises made in this Note. Any person who takes over the rights or obligations of a guarantor, surety, or endorser of this Note (as described in Section 7 above) is also obligated to keep all of the promises made in this Note.

#### NOTICE TO BORROWER

Do not sign this Note if it contains blank spaces.  
All spaces should be completed before you sign.

  
\_\_\_\_\_  
NADINE JEFFORD

(Seal)  
-Borrower

  
\_\_\_\_\_  
DALE JEFFORD

(Seal)  
-Borrower

\_\_\_\_\_  
(Seal)  
-Borrower

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(Seal)  
-Borrower

(Sign Original Only)